GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2330
ANSWERED ON:15.12.2008
REVAMP OF FCI
Khaire Shri Chandrakant Bhaurao

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government is considering a proposal to revamp the working of the Food Corporation of India (FCI) to make it a commercially viable and socially responsible organisation;

(b) if so,the details thereof;

(c) whether the Government proposes to give more autonomy to FCI;

(d) if so,the details thereof alongwith the reasons therefor; and

(e) the details of the proposals received from the States for improvement in working of FCI alongwith the reaction of the Government thereto, State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS,FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): Yes,Sir.With a view to revamp the working of the Food Corporation of India (FCI),Government of India,Ministry of Consumer Affairs,Food & Public Distribution had engaged the Consultant,M/s Mckinsey & Co. to undertake a study on FCI.

The main objective of the study was to bring about substantial efficiency improvements in the FCI's functioning,including inter-alia recommendations on new business models and structural changes to reduce the subsidy burden while improving its effectiveness in meeting the Government of India's social objectives.

(b): The major improvement initiatives recommended by M/s Mckinsey & Co. broadly encompasses
(i) Financial restructuring through multi-tiered debt structure to reduce the interest burden;
(ii) Network optimization through linear programming of Rail Movement (Grain Flow Management);
(iii) Consolidation of Handling & Transport Contracts;
(iv) Changes in use and sourcing pattern of gunny bags;
(v) Cost reduction by direct procurement of foodgrains and exclusion of intermediates;
(vi) Exploring avenues for revenue generation by optimum utilization of all existing assets like godowns;
(vii) More cost effective and efficient utilization of human resources through rationalization, automation and better Performance Management System (People Management System);
(viii) Smart Trading approach for global trading in foodgrains;(ix) Creation of Price Monitoring Cell;
(x) Management of Operational Costs;
(xi) Management of idle Assets;(xii) Vigilance Administration and
(xiii) Performance review through defined parameters and fixation of accountability.

(c): No,Sir.Food Corporation of India already has operational and financial autonomy to conduct its operations within the policy laid down by the Government.

(d): Does not arise.

(e): No proposal has been received from the State Governments for improvement in the working of the Food Corporation of India.